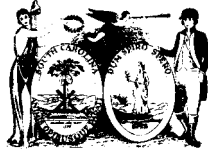


State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

July 24, 2001

Mr. Grady Bethea, Director of Operations, Skilled Nursing Facility Division
Clarendon Memorial Hospital
10 Hospital Street
Manning, South Carolina 29102

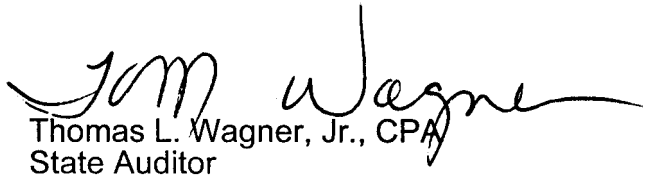
Re: AC# 3-LKM-J8 – Clarendon Memorial Hospital d/b/a
Lake Moultrie Nursing Home

Dear Mr. Bethea:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period February 1, 1998 through September 30, 1998. That report was used to set the rate covering the contract periods beginning August 1, 1998.

We are recommending that the Department of Health and Human Services certify an accounts payable for amounts underpaid as a result of the rate changes shown on Exhibit A. You will be notified of settlement terms by that agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/kss

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Robert M. Kerr

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

ST. STEPHEN, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING AUGUST 1, 1998
AC# 3-LKM-J8**

**REPORT ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

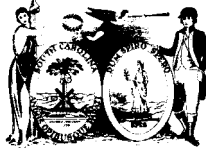
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State of South Carolina



Office of the State Auditor

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 7, 2000

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Clarendon Memorial Hospital d/b/a Lake Moultrie Nursing Home, for the contract periods beginning August 1, 1998, and for the eight month cost report period ended September 30, 1998, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with the standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

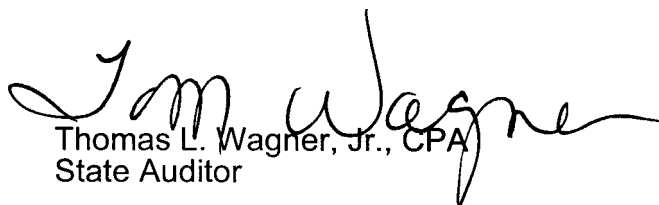
The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Clarendon Memorial Hospital d/b/a Lake Moultrie Nursing Home, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summaries of Costs and Total Patient Days, and Cost of Capital Reimbursement Analyses sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Clarendon Memorial Hospital d/b/a Lake Moultrie Nursing Home dated as of May 1, 1995 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
June 7, 2000

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.



Thomas L. Wagner, Jr., CPA
State Auditor

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Computation of Rate Change
For the Contract Periods
Beginning August 1, 1998
AC# 3-LKM-J8

	08/01/98- <u>09/30/98</u>	10/01/98- <u>11/30/98</u>	12/01/98- <u>03/31/99</u>	04/01/99- <u>09/30/99</u>	10/01/99- <u>09/30/00</u>
Adjusted Reimbursement Rate	\$96.12	\$96.66	\$97.41	\$97.41	\$98.22
Interim Reimbursement Rate (1)	<u>95.92</u>	<u>96.48</u>	<u>97.23</u>	<u>97.23</u>	<u>98.03</u>
Increase in Reimbursement Rate	\$ <u>.20</u>	\$ <u>.18</u>	\$ <u>.18</u>	\$ <u>.18</u>	\$ <u>.19</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 3, 1999

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Computation of Adjusted Reimbursement Rate
For the Contract Period August 1, 1998 Through September 30, 1998
AC# 3-LKM-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$40.66	\$48.08	
Dietary		9.73	9.74	
Laundry/Housekeeping/Maint.		<u>8.86</u>	<u>7.72</u>	
Subtotal	<u>\$4.59</u>	59.25	65.54	\$59.25
Administration & Med. Rec.	<u>\$ -</u>	<u>15.16</u>	<u>9.45</u>	<u>9.45</u>
Subtotal		74.41	<u>\$74.99</u>	68.70
<u>Costs Not Subject to Standards:</u>				
Utilities		1.76		1.76
Special Services		3.33		3.33
Medical Supplies & Oxygen		6.21		6.21
Taxes and Insurance		1.54		1.54
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$87.25</u>		81.54
Inflation Factor (4.40%)				3.59
Cost of Capital				8.74
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				4.59
Effect of \$1.75 Cap on Cost/Profit Incentives				(2.84)
Minimum Wage Add On				<u>.50</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$96.12</u>

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 1998 Through November 30, 1998
AC# 3-LKM-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$40.66	\$49.90	
Dietary		9.73	9.93	
Laundry/Housekeeping/Maint.		<u>8.86</u>	<u>8.11</u>	
Subtotal	\$ <u>4.76</u>	59.25	67.94	\$59.25
Administration & Med. Rec.	\$ <u>-</u>	<u>15.16</u>	<u>10.90</u>	<u>10.90</u>
Subtotal		74.41	<u>\$78.84</u>	70.15
<u>Costs Not Subject to Standards:</u>				
Utilities		1.76		1.76
Special Services		3.33		3.33
Medical Supplies & Oxygen		6.21		6.21
Taxes and Insurance		1.54		1.54
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$87.25</u>		82.99
Inflation Factor (3.60%)				2.99
Cost of Capital				8.68
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				4.76
Effect of \$1.75 Cap on Cost/Profit Incentives				(3.01)
Minimum Wage Add On				<u>.25</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$96.66</u>

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Computation of Adjusted Reimbursement Rate
For the Contract Period December 1, 1998 Through March 31, 1999
AC# 3-LKM-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$40.66	\$49.90	
Dietary		9.73	9.93	
Laundry/Housekeeping/Maint.		<u>8.86</u>	<u>8.11</u>	
Subtotal	\$ <u>4.76</u>	59.25	67.94	\$59.25
Administration & Med. Rec.	\$ <u>-</u>	<u>15.16</u>	<u>10.90</u>	<u>10.90</u>
Subtotal		74.41	<u>\$78.84</u>	70.15
<u>Costs Not Subject to Standards:</u>				
Utilities		1.76		1.76
Special Services		3.33		3.33
Medical Supplies & Oxygen		6.21		6.21
Taxes and Insurance		1.54		1.54
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$87.25</u>		82.99
Inflation Factor (3.60%)				2.99
Cost of Capital				8.68
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				4.76
Effect of \$1.75 Cap on Cost/Profit Incentives				(3.01)
CNA Add-On				.75
Minimum Wage Add On				<u>.25</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$97.41</u>

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Computation of Adjusted Reimbursement Rate
For the Contract Period April 1, 1999 Through September 30, 1999
AC# 3-LKM-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$40.66	\$46.64	
Dietary		9.73	9.93	
Laundry/Housekeeping/Maint.		<u>8.86</u>	<u>8.11</u>	
Subtotal	<u>\$4.53</u>	59.25	64.68	\$59.25
Administration & Med. Rec.	<u>\$ -</u>	<u>15.16</u>	<u>10.90</u>	<u>10.90</u>
Subtotal		74.41	<u>\$75.58</u>	70.15
<u>Costs Not Subject to Standards:</u>				
Utilities		1.76		1.76
Special Services		3.33		3.33
Medical Supplies & Oxygen		6.21		6.21
Taxes and Insurance		1.54		1.54
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$87.25</u>		82.99
Inflation Factor (3.60%)				2.99
Cost of Capital				8.68
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				4.53
Effect of \$1.75 Cap on Cost/Profit Incentives				(2.78)
CNA Add-On				.75
Minimum Wage Add On				<u>.25</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$97.41</u>

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 1999 Through September 30, 2000
AC# 3-LKM-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$40.66	\$47.61	
Dietary		9.73	10.24	
Laundry/Housekeeping/Maint.		<u>8.86</u>	<u>8.89</u>	
Subtotal	\$ <u>4.67</u>	59.25	66.74	\$59.25
Administration & Med. Rec.	\$ <u>-</u>	<u>15.16</u>	<u>11.39</u>	<u>11.39</u>
Subtotal		74.41	<u>\$78.13</u>	70.64
<u>Costs Not Subject to Standards:</u>				
Utilities		1.76		1.76
Special Services		3.33		3.33
Medical Supplies & Oxygen		6.21		6.21
Taxes and Insurance		1.54		1.54
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$87.25</u>		83.48
Inflation Factor (3.00%)				2.50
Cost of Capital				8.52
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				4.67
Effect of \$1.75 Cap on Cost/Profit Incentives				(2.92)
Nurse Aide Staffing Add-On				1.22
CNA Add-On				<u>.75</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$98.22</u>

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Period August 1, 1998 Through September 30, 1998
AC# 3-LKM-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
General Services	\$848,667	\$ -	\$ 8,378 (9) 415 (9)	\$839,874
Dietary	201,317	742 (2)	1,070 (9)	200,989
Laundry	29,681	-	236 (9)	29,445
Housekeeping	92,596	118 (2)	765 (9)	91,949
Maintenance	73,470	69 (2)	11,694 (5) 177 (9)	61,668
Administration & Medical Records	314,035	107 (2)	926 (9)	313,216
Utilities	36,193	208 (2)	-	36,401
Special Services	621	22 (2) 68,056 (4)	-	68,699
Medical Supplies & Oxygen	153,883	959 (2) 6,389 (10)	16,686 (2) 8,380 (7) 7,811 (8)	128,354
Taxes & Insurance	52,894	-	15,380 (3) 5,759 (6)	31,755
Legal Fees	-	-	-	-

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Period August 1, 1998 Through September 30, 1998
AC# 3-LKM-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments		Adjusted Totals
		<u>Debit</u>	<u>Credit</u>	
Cost of Capital	176,204	2,220 (1) 2,051 (3) 39 (11)	-	180,514
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal	1,979,561	80,980	77,677	1,982,864
Ancillary	31,954	-	-	31,954
Non-Allowable	773,731	11,694 (5) 5,759 (6) 8,380 (7) 7,811 (8) 11,967 (9)	68,056 (4) 6,389 (10) 39 (11)	744,858
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Operating Expenses	<u>\$2,785,246</u>	<u>\$126,591</u>	<u>\$152,161</u>	<u>\$2,759,676</u>
TOTAL PATIENT DAYS	<u>20,657</u>	<u>-</u>	<u>-</u>	<u>20,657</u>
TOTAL BEDS	<u>88</u>			

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Periods October 1, 1998 Through September 30, 1999
AC# 3-LKM-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$848,667	\$ -	\$ 8,378 (9) 415 (9)	\$839,874
Dietary	201,317	742 (2)	1,070 (9)	200,989
Laundry	29,681	-	236 (9)	29,445
Housekeeping	92,596	118 (2)	765 (9)	91,949
Maintenance	73,470	69 (2)	11,694 (5) 177 (9)	61,668
Administration & Medical Records	314,035	107 (2)	926 (9)	313,216
Utilities	36,193	208 (2)	-	36,401
Special Services	621	22 (2) 68,056 (4)	-	68,699
Medical Supplies & Oxygen	153,883	959 (2) 6,389 (10)	16,686 (2) 8,380 (7) 7,811 (8)	128,354
Taxes and Insurance	52,894	-	15,380 (3) 5,759 (6)	31,755
Legal Fees	-	-	-	-

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Periods October 1, 1998 Through September 30, 1999
AC# 3-LKM-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments		Adjusted Totals
		<u>Debit</u>	<u>Credit</u>	
Cost of Capital	175,378	2,220 (1) <u>2,051 (3)</u>	328 (12)	179,321
Subtotal	1,978,735	80,941	78,005	1,981,671
Ancillary	31,954	-	-	31,954
Non-Allowable	774,557	11,694 (5) 5,759 (6) 8,380 (7) 7,811 (8) 11,967 (9) <u>328 (12)</u>	68,056 (4) 6,389 (10)	746,051
Total Operating Expenses	<u>\$2,785,246</u>	<u>\$126,880</u>	<u>\$152,450</u>	<u>\$2,759,676</u>
Total Patient Days	<u>20,657</u>	<u>-</u>	<u>-</u>	<u>20,657</u>
Total Beds	<u>88</u>			

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Period October 1, 1999 Through September 30, 2000
AC# 3-LKM-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$848,667	\$ -	\$ 8,378 (9) 415 (9)	\$839,874
Dietary	201,317	742 (2)	1,070 (9)	200,989
Laundry	29,681	-	236 (9)	29,445
Housekeeping	92,596	118 (2)	765 (9)	91,949
Maintenance	73,470	69 (2)	11,694 (5) 177 (9)	61,668
Administration & Medical Records	314,035	107 (2)	926 (9)	313,216
Utilities	36,193	208 (2)	-	36,401
Special Services	621	22 (2) 68,056 (4)	-	68,699
Medical Supplies & Oxygen	153,883	959 (2) 6,389 (10)	16,686 (2) 8,380 (7) 7,811 (8)	128,354
Taxes & Insurance	52,894	-	15,380 (3) 5,759 (6)	31,755
Legal Fees	-	-	-	-

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Period October 1, 1999 Through September 30, 2000
AC# 3-LKM-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments		Adjusted Totals
		<u>Debit</u>	<u>Credit</u>	
Cost of Capital	171,866	2,220 (1) <u>2,051 (3)</u>	211 (13)	175,926
Subtotal	1,975,223	80,941	77,888	1,978,276
Ancillary	31,954	-	-	31,954
Non-Allowable	778,069	11,694 (5) 5,759 (6) 8,380 (7) 7,811 (8) 11,967 (9) <u>211 (13)</u>	68,056 (4) 6,389 (10)	749,446
Total Operating Expenses	<u>\$2,785,246</u>	<u>\$126,763</u>	<u>\$152,333</u>	<u>\$2,759,676</u>
Total Patient Days	<u>20,657</u>	<u>-</u>	<u>-</u>	<u>20,657</u>
Total Beds	<u>88</u>			

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**
Adjustment Report
Cost Report Period Ended September 30, 1998
AC# 3-LKM-J8

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Fixed Assets	\$2,343,140	
	Cost of Capital	2,220	
	Accumulated Depreciation		\$ 7,472
	Other Equity		2,337,888
	To adjust fixed assets and related depreciation HIM-15-1, Section 100		
2	Start-up Cost	14,461	
	Dietary	742	
	Housekeeping	118	
	Maintenance	69	
	Administration	107	
	Utilities	208	
	Medical Supplies	959	
	Special Services	22	
	Medical Supplies		16,686
	To capitalize start-up cost HIM-15-1, Section 2132		
3	Organization Cost	13,329	
	Cost of Capital	2,051	
	Taxes and Insurance		15,380
	To capitalize organization cost and remove undocumented expense HIM-15-1, Sections 2134 and 2304		
4	Special Services	68,056	
	Nonallowable		68,056
	To record Part B coinsurance State Plan, Attachment 4.19D		
5	Nonallowable	11,694	
	Maintenance		11,694
	To remove lease expense associated with capitalized assets HIM-15-1, Section 100		

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**
Adjustment Report
Cost Report Period Ended September 30, 1998
AC# 3-LKM-J8

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Nonallowable Taxes and Insurance	5,759	5,759
	To adjust insurance expense HIM-15-1, Section 2304		
7	Nonallowable Medical Supplies	8,380	8,380
	To adjust expense for lack of documentation HIM-15-1, Section 2304		
8	Nonallowable Medical Supplies	7,811	7,811
	To adjust related party expense HIM-15-1, Section 1010		
9	Nonallowable	11,967	
	Nursing		8,378
	Restorative		415
	Dietary		1,070
	Laundry		236
	Housekeeping		765
	Maintenance		177
	Administration		926
	To adjust fringe benefits HIM-15-1, Section 2144		
10	Medical Supplies Nonallowable	6,389	6,389
	To adjust special (ancillary) services cost State Plan, Attachment 4.19D		

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**
Adjustment Report
Cost Report Period Ended September 30, 1998
AC# 3-LKM-J8

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
11	Cost of Capital Nonallowable	39	39
	To adjust capital return State Plan, Attachment 4.19D (This adjustment applies only to the rate period 8/1/98 - 9/30/98)		
12	Nonallowable Cost of Capital	328	328
	To adjust capital return State Plan, Attachment 4.19D (This adjustment applies only to the rate period 10/1/98 - 9/30/99)		
13	Nonallowable Cost of Capital	211	211
	To adjust capital return State Plan, Attachment 4.19D (This adjustment applies only to the rate period 10/1/99 - 9/30/00)		
		<hr/>	<hr/>
	TOTAL ADJUSTMENTS	<u>\$2,498,060</u>	<u>\$2,498,060</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 1998
For the Contract Period August 1, 1998 Through September 30, 1998
AC# 3-LKM-J8

	Original <u>44 Beds</u>	44 Bed <u>Addition</u>	
Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.1144</u>	<u>2.1144</u>	
Deemed Asset Value (Per Bed)	33,022	33,022	
Number of Beds	<u>44</u>	<u>44</u>	
Deemed Asset Value	1,452,968	1,452,968	
Improvements Since 1981	13,494	13,494	
Accumulated Depreciation at 9/30/98	<u>(137,299)</u>	<u>(137,298)</u>	
Deemed Depreciated Value	1,329,163	1,329,164	
Market Rate of Return	<u>.070</u>	<u>.070</u>	
Total Annual Return	<u>93,041</u>	<u>93,041</u>	
Adjust for Cost Report Period (242/365 Days)	61,687	61,687	
Return Applicable to Non-Reimbursable Cost Centers	-	-	
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	
Allowable Annual Return	61,687	61,687	
Depreciation Expense	27,599	27,598	
Amortization Expense	1,026	1,025	
Capital Related Income Offsets	(54)	(54)	
Allocation of Capital Expense to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	90,258	90,256	\$180,514
Total Patient Days (Minimum 97% Occupancy)	<u>10,329</u>	<u>10,328</u>	<u>20,657</u>
Cost of Capital Per Diem	\$ <u>8.74</u>	\$ <u>8.74</u>	\$ <u>8.74</u>

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 1998
For the Contract Periods October 1, 1998 Through September 30, 1999
AC# 3-LKM-J8

	<u>Original 44 Beds</u>	<u>44 Bed Addition</u>	
Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.1814</u>	<u>2.1814</u>	
Deemed Asset Value (Per Bed)	34,069	34,069	
Number of Beds	<u>44</u>	<u>44</u>	
Deemed Asset Value	1,499,036	1,499,036	
Improvements Since 1981	13,494	13,494	
Accumulated Depreciation at 9/30/98	<u>(137,299)</u>	<u>(137,298)</u>	
Deemed Depreciated Value	1,375,231	1,375,232	
Market Rate of Return	<u>0.067</u>	<u>.067</u>	
Total Annual Return	<u>92,140</u>	<u>92,141</u>	
Adjust for Cost Report Period (242/365 Days)	61,090	61,091	
Return Applicable to Non-Reimbursable Cost Centers	-	-	
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	
Allowable Annual Return	61,090	61,091	
Depreciation Expense	27,599	27,598	
Amortization Expense	1,026	1,025	
Capital Related Income Offsets	(54)	(54)	
Allocation of Capital Expense to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	89,661	89,660	\$179,321
Total Patient Days (Minimum 97% Occupancy)	<u>10,329</u>	<u>10,328</u>	<u>20,657</u>
Cost of Capital Per Diem	\$ <u>8.68</u>	\$ <u>8.68</u>	\$ <u>8.68</u>

**CLARENDON MEMORIAL HOSPITAL D/B/A
LAKE MOULTRIE NURSING HOME**

Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 1998
For the Contract Period October 1, 1999 Through September 30, 2000
AC# 3-LKM-J8

	Original 44 Beds	44 Bed Addition	
Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.2493</u>	<u>2.2493</u>	
Deemed Asset Value (Per Bed)	35,130	35,130	
Number of Beds	<u>44</u>	<u>44</u>	
Deemed Asset Value	1,545,720	1,545,720	
Improvements Since 1981	13,494	13,494	
Accumulated Depreciation at 9/30/98	<u>(137,299)</u>	<u>(137,298)</u>	
Deemed Depreciated Value	1,421,915	1,421,916	
Market Rate of Return	<u>.063</u>	<u>.063</u>	
Total Annual Return	<u>89,581</u>	<u>89,581</u>	
Adjust for Cost Report Period (242/365 Days)	59,393	59,393	
Return Applicable to Non-Reimbursable Cost Centers	-	-	
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	
Allowable Annual Return	59,393	59,393	
Depreciation Expense	27,599	27,598	
Amortization Expense	1,026	1,025	
Capital Related Income Offsets	(54)	(54)	
Allocation of Capital Expense to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	87,964	87,962	\$175,926
Total Patient Days (Minimum 97% Occupancy)	<u>10,329</u>	<u>10,328</u>	<u>20,657</u>
Cost of Capital Per Diem	\$ <u>8.52</u>	\$ <u>8.52</u>	\$ <u>8.52</u>

2 copies of this document were published at an estimated printing cost of \$1.70 each, and a total printing cost of \$3.40. The FY 2001-02 Appropriation Act requires that this information on printing costs be added to the document.